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y Seeks 500-lb. '88 Chassis

General Motors Corp.'s Chevrolet Motor Division, Warren, Mich., is determined to offer a 16,500-pound gross vehicle weight (gvw) Class A motorhome chassis by fall of 1988, according to company officials.

Chevrolet is continuing to work on development of its P-6 chassis, which is targeted for a 16,500-pound gross vehicle weight rating (gvwr). The P-6 is an upgraded version of its current P-30 chassis with a 14,500-pound gvwr. The company is now at the point of trying to "get the price down to where we would like it, without reducing any of its equipment content," according to Bob Rieth, Chevrolet manager of special vehicles. "We're working with the component people to get the gvw rating up, if possible, within a safety factor, and to get the components certified at a higher capacity if we can," said Rieth. "We're going full steam ahead on increasing the gvwr of the P-30."

As an alternative strategy for delivering a heavier gvwr chassis by '88, Chevrolet could lower the rating of its P-60, which has heavy enough components, front- and rear-axle capacities and powertrain to take it all the way up to a 25,000-pound gvwr, according to Rieth. "We have all the capacity and components that we need on the front and rear axles. We could just put different springs on it to get a good ride quality," he noted.

However, Chevrolet continues to prefer the upgraded P-30 route because the adapted P-60 would be "overkill," said Rieth, pointing out that "the bulk of the market is really between 14,000 and 16,000 pounds gvwr." The heavier, medium-duty P-60 chassis also has an I-beam suspension that does not have the ride qualities of Chev-

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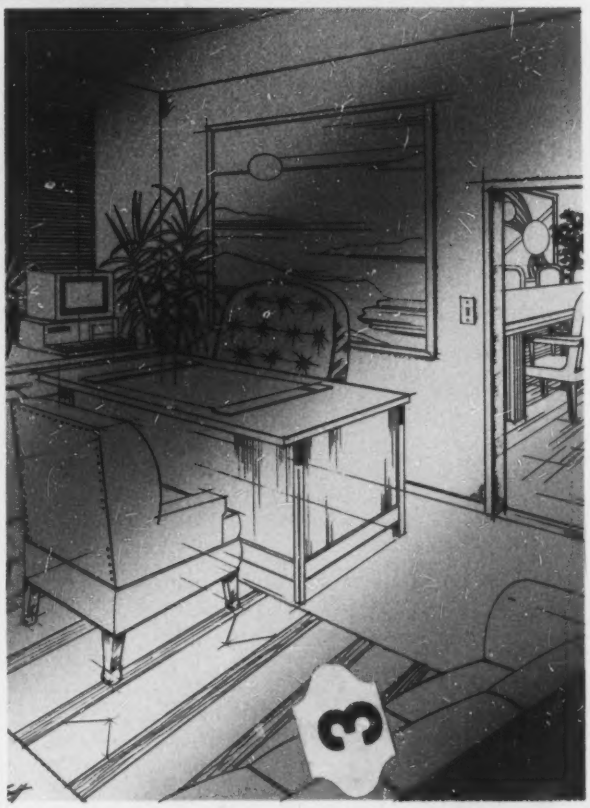

COLOR IT SOLD: The colors used in RV showrooms and salesrooms can create a buying mood or turn off customers. Color experts provide some suggestions on selecting color schemes to create an attractive, professional—and profitable—dealership decor.

Deere to Unveil 3 New Chassis

Officials at the John Deere Tractor Works, Waterloo, Iowa, have confirmed that the Deere & Co. is prototyping three new chassis, one aimed exclusively at the RV market and two which will be offered initially to the commercial bus market.

A downsized version of Deere's RV1000 chassis, tentatively designated the RV800, is in the prototype stage now, according to Terry Lorenzen, RV/OEM marketing manager for Deere. Lorenzen noted that the new chassis will be offered in a 158½-inch wheelbase with a 13,600 gross vehicle weight rating (gvwr). It will use the 460-cid Ford engine with Ford C6 transmission as in the RV1000 model. One major difference in the RV800 will be the use of the Ford park pawl in the transmission, instead of the factory-designed park-lock system used on the current Deere chassis.

A production date for the RV800 has not been set, and Lorenzen said it was doubtful that Deere would display the chassis at either the forthcoming Dodger or Louisville RV shows. However, he added, "I wouldn't be surprised, though, to see at least one motorhome manufacturer exhibiting a unit on the chassis."

Deere is also planning to introduce a new heavy-duty chassis, targeted initially at the bus market which was to be unveiled at the National Bus Exposition in San Francisco in September. The 208-inch wheelbase chassis with an 18,000-pound gvwr will be powered by a 160-horsepower or 180-horsepower Cummins diesel engine and equipped with the Allison AT545 four-speed automatic transmission, according to Lorenzen. The same chassis also will be offered in a 190-inch wheelbase configuration, powered by a 429-cid Ford gasoline engine.

Lorenzen emphasized that both heavy-duty chassis are only

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SEPT. 25, 1987 TWO DOLLARS

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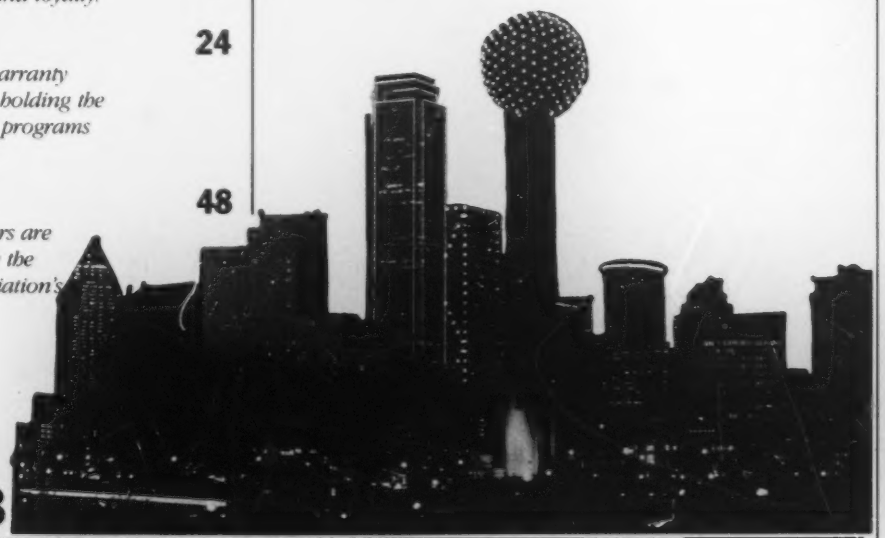

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GOOD RESULTS DISAPPOINT GREAT EXPECTATIONS

MORTON J. MARCUS

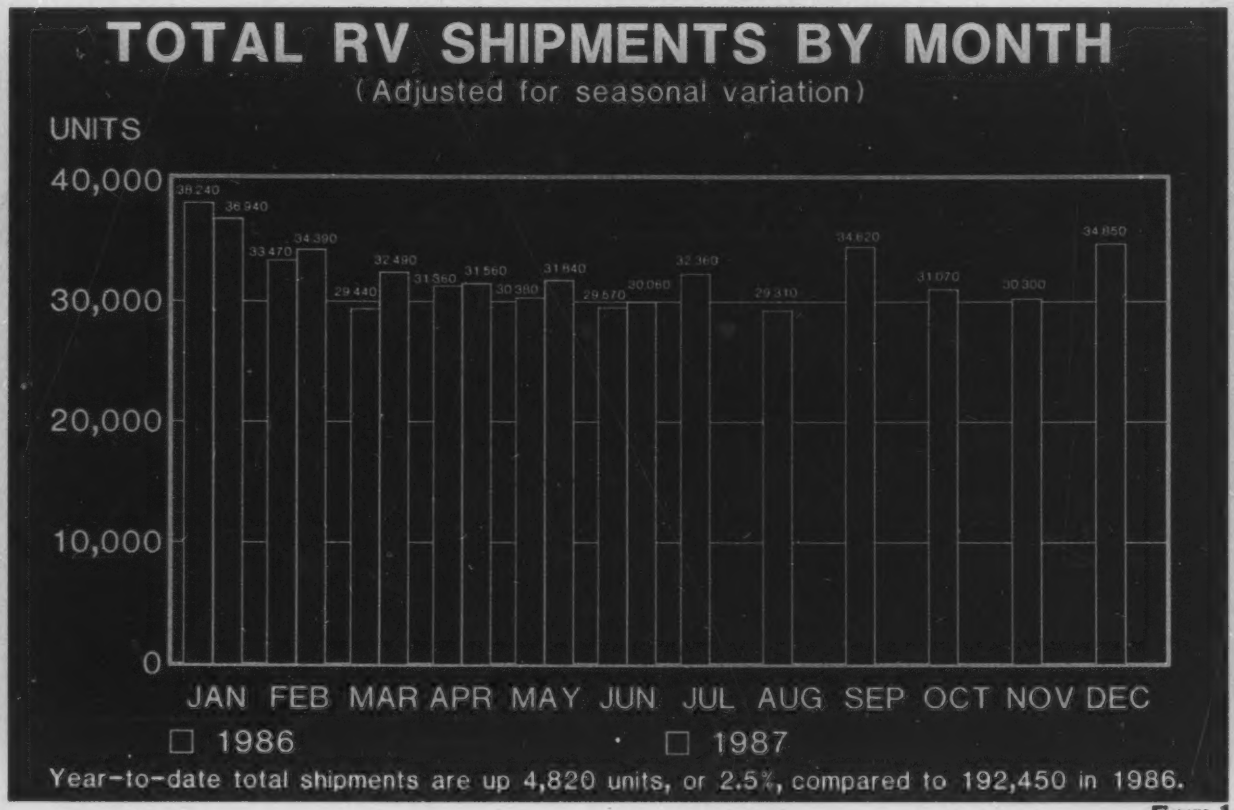

Figure 1

Every now and then, I talk to actual, living executives in the RV industry. "How's business?" I ask. Recently, I have been hearing quiet moans, sighs of resigned acceptance and an occasional, softly voiced "OK."

"Boston sydrome?" I then ask solicitously, and the RV executives look at me as though I were recently (and prematurely) released from a white coat with arms tied in the back.

Let me explain the "Boston syndrome" diagnosis: For those who don't remember such things, Boston won the American League baseball pennant last year. It was the first time in many years, but the win gave evidence that it could happen. Boston often has a team which is expected to do well but which, by the end of September, disappoints its faithful followers. In contrast, fans of the Chicago Cubs do not expect other than disappointment; they have developed emotional immunity to repeated failure.

However, for the faithful followers of the Boston Red Sox, this was to have been the year when their heroes took it *all*. The disappointment that I keep hearing in the voices of executives in the RV industry seems to be founded on similar high expectations. To some extent, this author has contributed to those expectations, as will be explained in a quarterly forecast article in the Oct. 9 issue of *RV Business*. The reality is that the industry is doing well. Let's look at the facts:

The First Half of '87

In June, for the fifth consecutive month, total shipments exceeded shipments of the same month in 1986. When RVIA's shipment data are adjusted for normal seasonal variations, this June stood 1.7% ahead of June of last year. *(See Figure 1.)* For the year-to-date, total shipments were running 2.5%, or nearly 5,000 units, ahead of 1986. If van conversions are eliminated from the data, the rest of the industry's shipments were up by 9,200 units, or 9.8%, through June, compared to the same period last year.

We can be concerned at the clear downward trend in the monthly data of Figure 1. Only May showed any improvement over the preceding month. But this year could follow the pattern set in 1986, when three of the five strongest months in the year came in the second half. Last year, the second half slightly exceeded the first half in total shipments. As with Boston's baseball team, we cannot expect history to repeat itself in all of its positive or negative aspects.

The Detailed View

For the year-to-date, travel-trailer shipments, as a group, were up by nearly 3,100 units (7.3%) in June compared to a year ago. Within this group, conventional travel trailers and fifth-wheels showed strong gains of 2,300 units and 1,400 units respectively. Park models pulled the group down, running about 800 units (20%) be-

RVIA SHIPMENTS

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, seasonally adjusted data)

TYPE	1987	1986
TOTAL RVS	**100.0**	**100.0**
Nonmotorized Units:		
Conventional	15.1	14.3
Park Models	1.5	2.0
Fifth-wheels	6.4	5.8
Folding Camping Trailers	9.7	9.0
Truck Campers	2.6	1.8
Motorhomes:		
Class A	9.3	8.0
Class B Van Campers	1.5	1.5
Class C:		
-Mini	4.9	4.8
-Low Profile	.6	.8
-Micro-mini	1.0	1.2
Van Conversions	47.4	50.8

Detail may not add to total because of rounding.

Figure 3

hind last year's pace. *(See Figure 2.)*

Folding camping trailers were doing well: This category was up by nearly 3,100 units, or 11%, for the year through June. Truck campers did even better, up by more than 1,500 units (43%) from the same period in 1986.

Also strong were Class A motorhome shipments, which were more than 18% above the year-ago level, or up by more than 2,800 units. There was no change from 1986 in the shipments of Class B motorhomes. Class C units were down a scant 0.8%, or 100 units, with the gains made by minimotorhomes offset by declines in low-profile and micro-mini units.

Put simply, the problem in the industry was van conversions, which were down by 4,250 units (4.3%) from a year ago. This component of the industry is more sensitive to changes in disposable income than are the other types of RVs. With higher tax rates, thanks to the cleverly constructed 1986 tax-reform package, consumers have been cutting back on automobile purchases and, we believe, purchases of van conversions, as well.

Thus, van conversions have backed away from their strong 50.8% market-share position of a year ago, and held a 47.4% share in June. *(See Figure 3.)* Class A motorhomes were the big gainers in market share, rising by 1.3 points. Conventional travel trailers and truck campers have each gained 0.8 market-share points, followed by a 0.7-point gain for folding campers and 0.6 points for fifth-wheels.

Monthly Volatility

Most of the discussion in these monthly reports of RV shipments concentrates on the year-to-date, or cumulative, figures rather than monthly changes. The reason for that is simple. Shipments, particularly shipments of small-volume RV types, bounce up and down dramatically on a month-to-month basis.

For example, in Figure 2, we reported that micro-mini Class C units fell by 13.3% in June compared to May. Earlier in the year, this same type of unit had a fall of 36% in one month and a 22% increase in another month. In each case, these represented relatively small changes in volume.

Figure 4 shows the average change in monthly shipments for each type of RV unit. This measure of volatility is obtained by taking the monthly percent change, ignoring the positive or negative sign of that change, and then finding the percentage average. For all RV units, the average change has been 4.6% so far this year.

MONTHLY VOLATILITY IN SHIPMENTS
(Mean absolute percent change January to June 1987)

TYPE	PERCENT
TOTAL RVs	**4.6**
Travel Trailers:	
Conventional	8.7
Park Models	18.1
Fifth-wheels	6.6
Folding Camping	7.8
Truck Campers	10.9
Motorhomes:	
Class A	4.9
Class B	20.4
Class C:	
Mini	13.9
Low Profile	23.7
Micro-mini	21.7
Van Conversions	10.3

Detail may not add to total because of rounding.

Figure 4

Thus, the 5.6% change in total shipments from May to June, as reported in Figure 2, was higher than average. The low-volume Class C types ranged from 14% to 24% in their average monthly changes, which indicates why concentration on monthly changes would tend to divert attention from the more important trends in RV shipments.

The surprise in Figure 4 is that van conversions, a very high-volume RV type, had a 10.3% average change in shipments, indicating that this market segment is experiencing considerable uncertainty and stress. In contrast, Class A motorhomes have been the most stable type of RV in the market, with less than a 5% average monthly variation. Δ

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	JUNE 1987	PERCENT CHANGE FROM MAY	YEAR-TO-DATE 1987	1986	PERCENT CHANGE
TOTAL RVs					2.5
Travel Trailers:					
Conventional					8.5
Park Models					-20.3
Fifth-wheels					12.3
Folding Camping Trailers					11.0
Truck Campers					42.9
Motorhomes:					
Class A					18.2
Class B Van Campers					0.0
Class C:					
-Mini					6.0
-Low Profile					-27.7
-Micro-mini					-10.3
Multi-use Van Conversions					-4.3

Detail may not add to total because of rounding.

Figure 2

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

GRAPHICS: CUSTOM COLOR VISUALS